

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 6420**

**BILL NUMBER:** SB 470

**DATE PREPARED:** Feb 26, 1999

**BILL AMENDED:** Feb 25, 1999

**SUBJECT:** Medicaid Prescription Drugs for Impotence.

**FISCAL ANALYST:** Alan Gossard

**PHONE NUMBER:** 233-3546

**FUNDS AFFECTED:** X GENERAL  
DEDICATED  
X FEDERAL

**IMPACT:** State

**Summary of Legislation:** (Amended) This bill requires the Medicaid program and the program's suppliers and vendors to provide coverage and reimbursement for all single source legend drugs that meet certain requirements.

**Effective Date:** Upon passage.

**Explanation of State Expenditures:** (Revised) This bill requires the Medicaid program to provide coverage and reimbursement for certain drugs, based on recommendations of the Drug Utilization Review (DUR) Board, and to be in compliance with federal statutes. Ultimately, the impact to the state will depend upon rulings of the federal Health Care Financing Administration (HCFA) and recommendations of the DUR Board.

The state is currently not reimbursing for the drug, Viagra. However, HCFA has issued a ruling that states must cover Viagra in their Medicaid programs. In the event that the HCFA ruling stands and the state is required to cover Viagra under the Medicaid program, the DUR Board is to make recommendations and adopt rules regarding the utilization of this drug within the limits of federal law.

HCFA suggests that states may consider various methods for limiting Viagra utilization including: (1) Requiring providers to provide full medical documentation to support medical necessity of the drug; (2) Monitor and discipline providers who are discovered to have prescribed Viagra when there was no evidence of medical necessity; (3) Establish prior authorization procedures as a prerequisite for Medicaid reimbursement; and (4) Place limits on the number of refills or the quantity per prescription. The fiscal impact of this bill will ultimately depend upon the requirements placed on the state by the federal government and/or the recommendations and rules adopted by the DUR Board.

**Explanation of State Revenues:** See Explanation of State Expenditures, above, regarding this bill's impact on Medicaid program expenditures that are cost-shared with the federal government.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Office of Medicaid Policy and Planning

**Local Agencies Affected:**

**Information Sources:** Kathy Gifford, OMPP, 233-4455.